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Merran McRae
Chief Executive
Calderdale Metropolitan Borough Council
Town Hall
Crossley Street
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29 April 2015

Ref: HR/MG

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Dear Merran

Annual Audit and Certification Fees 2015/16

Under the terms of our appointment by the Audit Commission, we are required to issue a letter setting out our proposed external audit and certification work fees for the 2015/16 financial year at Calderdale Metropolitan Borough Council prior to 30 April 2015.

The 2015/16 audit is our first with you and the first that we will undertake following the closure of the Audit Commission on 31 March 2015. Our contract will now be overseen by Public Sector Audit Appointments Ltd (PSAA), an independent company set up by the Local Government Association, until it ends in 2017 (or 2020 if extended by the Department of Communities and Local Government).

The responsibility for publishing the statutory Code of Audit Practice, under which we will conduct our audit work, has transferred to the National Audit Office.

Indicative audit fee

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies, applying from 2015/16 audits.

The audit fee covers the:

- Audit of the financial statements
- Value for money conclusion
- Whole of Government accounts

For the 2015/16 financial year the Audit Commission has set the scale fee for each audited body prior to its closure. The scale fee is reduced by 25% over 2014/15 following the further tendering of contracts in March 2014. It is not liable to increase during the remainder of our contract without a change in the scope of our audit responsibilities.

The 2015/16 scale fee is based on certain assumptions, including:

- The overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year;
- We are able to place reliance on the work of internal audit to the maximum extent possible under auditing standards;

- The financial statements will be available to us in line with the agreed timetable;
- Working papers and records provided to us in support of the financial statements are of a good quality and are provided in line with our agreed timetable; and
- Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

For Calderdale Metropolitan Borough Council, the fee is set at the scale fee and reflects our assumption that relevant factors, including audit risk and complexity, are not significantly different from those used by the Audit Commission in establishing this figure.

Certification fee

The Audit Commission has set an indicative certification fee for housing benefit subsidy claim certification work for each audited benefits authority. The indicative fee is based on actual 2013/14 benefit certification fees and incorporating a 25 per cent reduction.

The indicative certification fee is based on the expectation that an audited body is able to provide the auditor with complete and materially accurate housing benefit subsidy claim with supporting working papers, within agreed timeframes.

The indicative certification fee for 2015/16 relates to work on the housing benefit subsidy claim for the year ended 31 March 2016. We have set the certification fee at the indicative fee level. We will update our risk assessment in November 2015 when the results of the 2014/15 benefit certification work are known, and to reflect any further changes in the certification arrangements.

Summary of fees

	Indicative fee for 2015/16
	£
Total Code audit fee	123,416
Certification of housing benefit subsidy claim	16,870

Any additional work that we may agree to undertake (outside of the Code of Audit Practice) will be separately negotiated and agreed with you in advance.

Billing

The indicative audit fee will be billed in 4 quarterly instalments of £35,071.50 starting from July 2015.

Audit Plan

We expect to issue our Audit Plan in January 2016. This will communicate any significant financial statement risks identified, planned audit procedures to respond to those risks and any changes in fee. It will also set out the significant risks identified in relation to the value for money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Director of Finance and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit and Governance Committee.



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Audit team

The key members of the audit team for the 2015/16 financial year are:

Hassan Rohimun
Director

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Mike Green
Manager

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We are excited at the opportunity to work with you and are committed to providing you with a high quality service. We look forward to meeting you shortly to discuss our approach and plans for the 2015/16 audit.

Yours faithfully

Hassan Rohimun
Director
For and on behalf of Ernst & Young LLP